TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL MEMORANDUM

SB 3106 – HB 3722

March 14, 2012

SUMMARY OF AMENDMENT (014002): Deletes all language after the enacting clause. Redefines the term "cost," as it relates to costs of an economic development project authorized under the Border Region Retail Tourism Development District Act (Act), to mean all costs of an economic development project in a certified district incurred by the municipality or industrial development corporation, which occur during the investment period, rather than all costs of an economic development project in a certified district incurred by the municipality or industrial development corporation. Defines "investment period" to mean a period beginning two years prior to the municipality's designation of the proposed border region retail tourism development district for the project and ending ten years after certification of the district. Removes language requiring the annual cost summary report, which is submitted to the Commissioner of Revenue by the municipality, to include the cost of any new phases of the project to be completed within the 30-year time limitation. Adds language to the Act declaring that the Act shall only apply to a border region retail tourism development district for which a certified copy of the ordinance required by Tenn. Code Ann. § 7-40-104(a)(1), along with other certification documentation required by Tenn. Code Ann. § 7-40-104(a)(2), has been filed with the Commissioner of Revenue before January 1, 2012.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Expenditures – Exceeds $100,000

Assumptions applied to amendment:

- According to the Department of Revenue (DOR), reducing the investment period and requiring all qualifying costs to be incurred during the investment period will result in a reduction to the special allocations of sales tax revenue which are made from the state to local governments.
- Any reduction to the special allocations of sales tax revenue which are made from the state to local governments will be dependent upon the extent of capital investments made in Border Region Retail Tourism Development Districts.

- Under current law, the special allocations of sales tax revenue from the state to eligible local government entities are assumed to be made from the General Fund.
- Based on information provided by DOR, the recurring decrease in state expenditures from the General Fund is reasonably estimated to exceed $100,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Lucian D. Geise, Executive Director

/rnc